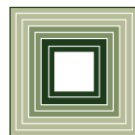


State Aid Overview

**Joint Appropriations Subcommittee
on Natural and Economic Resources**

March 16, 2011



FISCAL RESEARCH DIVISION
A Staff Agency of the North Carolina General Assembly

NER Direct State-Aid

- Association of CDCs
- Biofuels Center
- Biotechnology Center
- Community Development Initiative
- COGs
- e-NC Authority
- High Point Furniture Market
- Inst. For Regenerative Medicine
- Inst. of Minority Economic Development
- Land Loss Prevention Project
- Minority Support Center
- Regional Econ. Dev. Commissions
- Rural Economic Development Center
- Grassroots Science Museums
- Partnership for the Sounds
- FFA
- Ag in the Classroom (Farm Bureau)

NER State-Aid Funding History



**FY 2001-02 Total Budget:
\$23.3 million**

**FY 2011-12 Total Budget:
\$77.3 million**

FY 2009-10

General Assembly Actions

- *Most* entities reduced 4% in FY 2009-10 and 6% in FY 2010-11
- *Exceptions:*
 - COGs reduced 50%
 - 2% reduction in both years for
 - Grassroots Science Museums
 - High Point Furniture Market
 - Partnership for the Sounds
 - Rural Center - only administration reduced

FY 2010-11

General Assembly Actions

- *Most* entities reduced 5%
- *Exceptions:*
 - Grassroots Science Museums – no reduction
 - Biotechnology Center – no reduction + \$5M R additional funding
 - New recurring funding for Biofuels Center & Institute for Regenerative Medicine

FY 2010-11 Reversions

- All entities have been subject to 1% and 2.5% holdbacks required by the Governor

FY 2011-13 Governor's Recommendations

- Across the board cut of 10% to all non-profits except Ag in the Classroom and FFA Foundation
- \$90,000 R to Indian Economic Development Initiative
- \$250k R transfer to Rural Center – ag development program

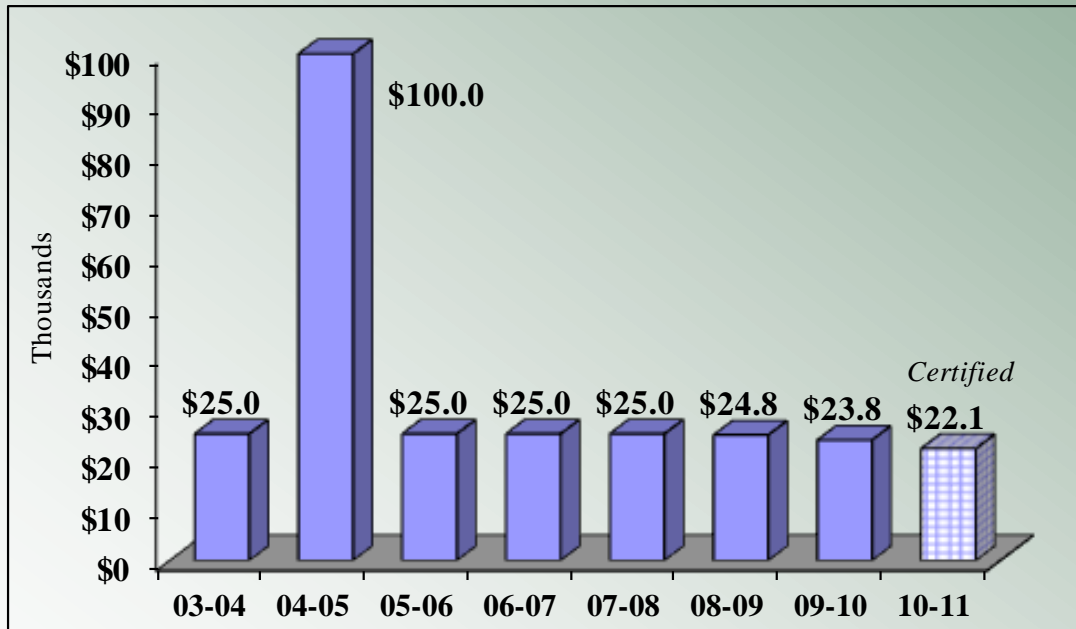
Options for all Non-State Entities

- Across the board cut from 1% - 99%
 - Each 1% = \$727k
- Reduce funding to 2006-07 levels
 - Savings of \$29.4 million
- Eliminate all funding
- Consider mission of NER; some entities may have worthy programs but is this the right funding source with limited dollars?

Options for all Non-State Entities

- If entities are funded, General Assembly could:
 - Specifically lay-out funding
(similar to Rural Center special provision)
 - Place limits on use of State funds
 - Salaries & benefits
 - Administrative expenses
 - Board expenses
- Transfer funding for all non-profits from DACS and DENR to the Commerce State-Aid budget

Ag in the Classroom

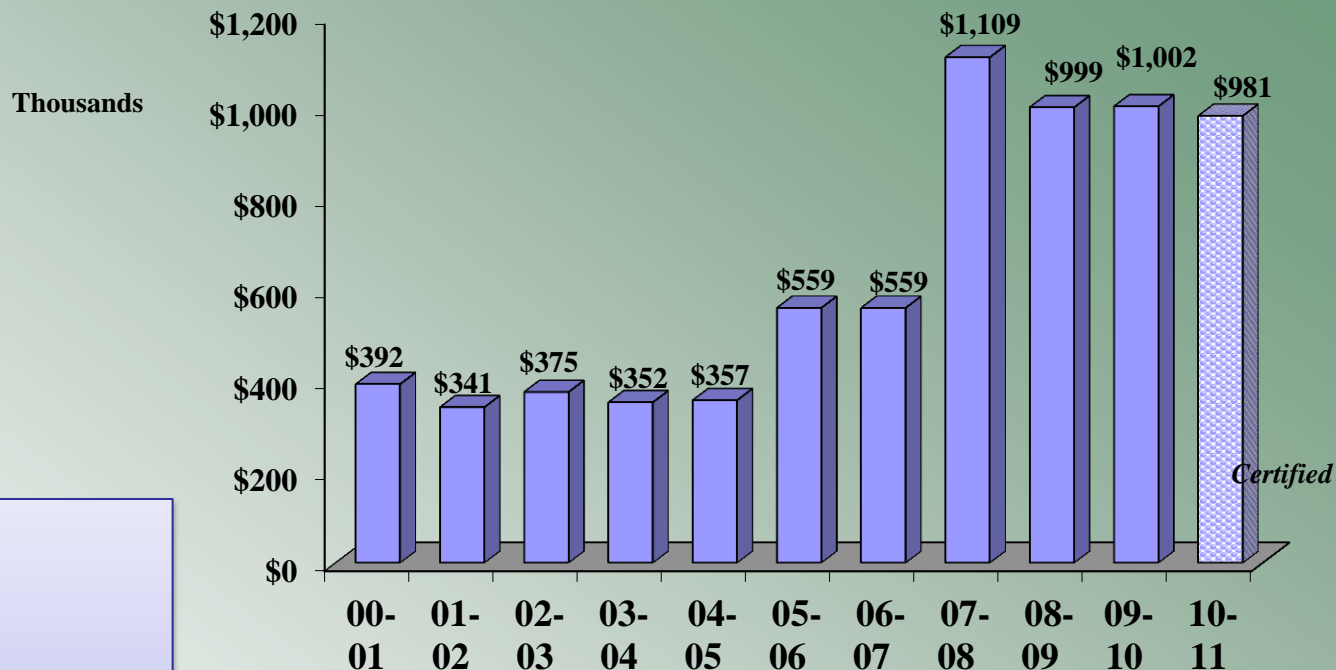


Ag in the Classroom: to foster an understanding of the importance of agriculture and to promote an appreciation of North Carolina's food, fiber, forestry, fishing, and floriculture among teachers and students.

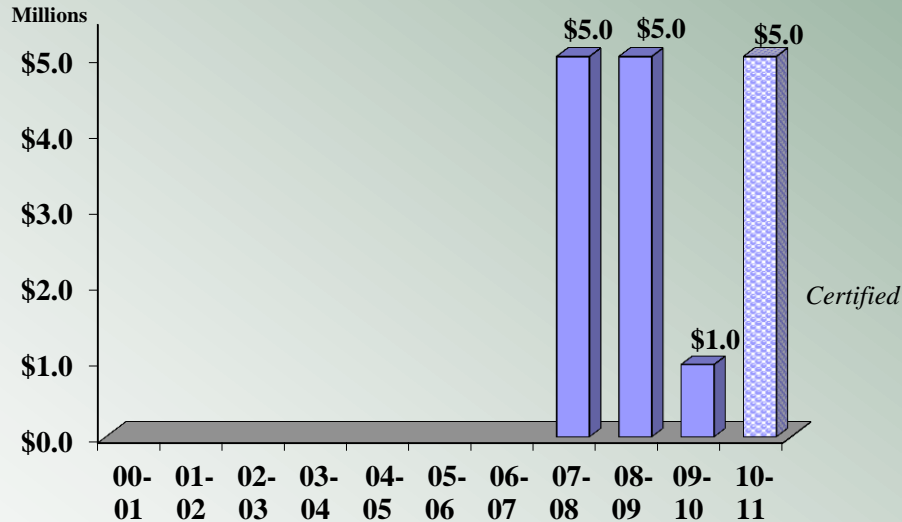
- 2 FTE
- **12.3%** of FY 2009-10 funding came from the State
- **0%** of State funds spent on Admin
- **All funds go to Teacher in Service Workshops**

Association of CDCs

- 8 FTE
- 83% of funding comes from the State
- 15.1% of State funds spent on Administration



Biofuels Center

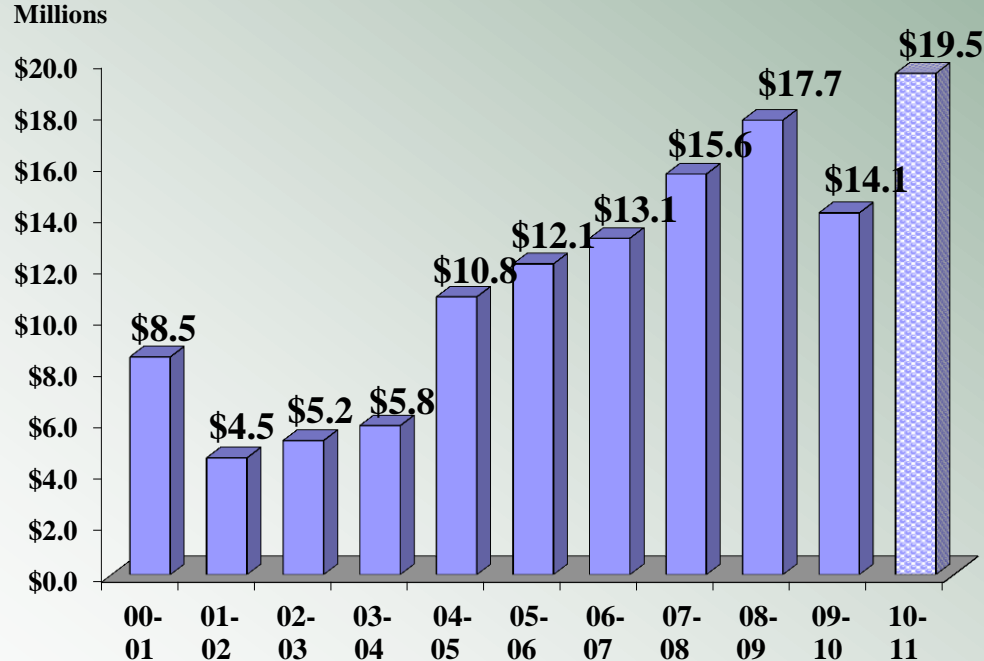


- **16 FTE**
- **100% of funding comes from the State**
- **28% of State funds spent on Administration**
- **\$1.6 M goes out as grants**

Additional options:

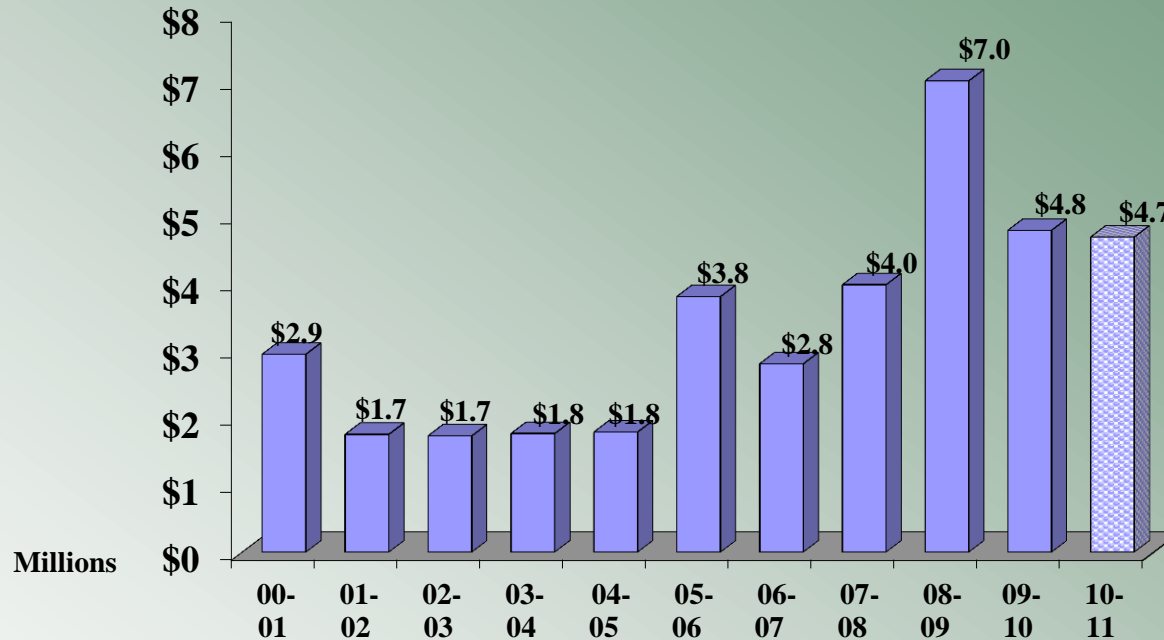
- Merge some of these activities with the Energy Division at Commerce

Biotechnology Center



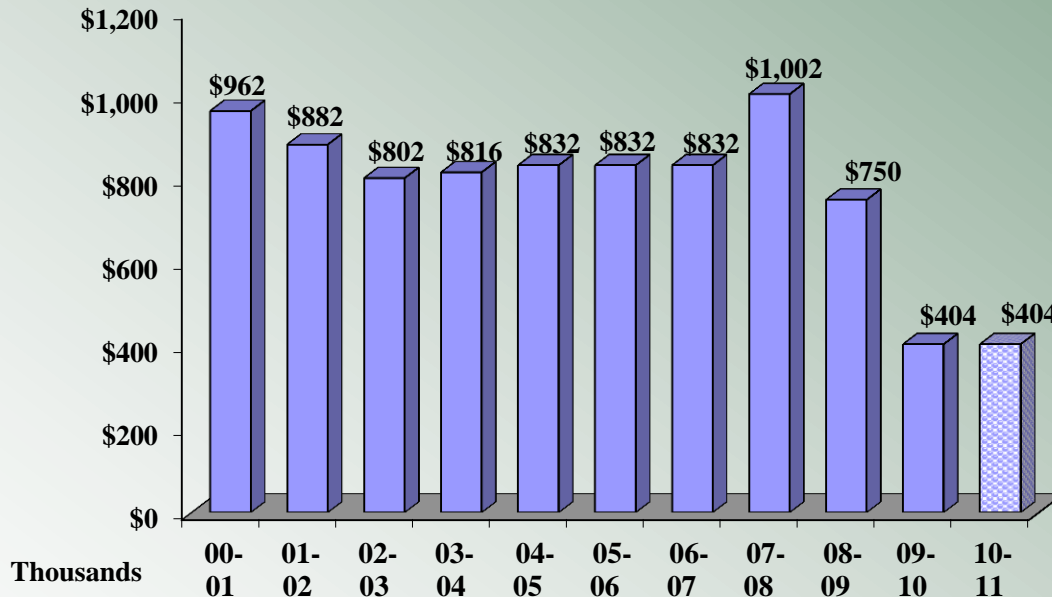
- **76 FTE**
- **5 Regional Offices**
 - 2 FTE each
 - \$60k operating
- **73% of funding comes from the State**
- **\$10.2 M goes out as grants**

Community Development Initiative



- 11.8 FTE
- 85% of funding comes from the State
- 12% of State funds spent on Administration
- \$3.37M goes out as grants

Councils of Government (COGs)

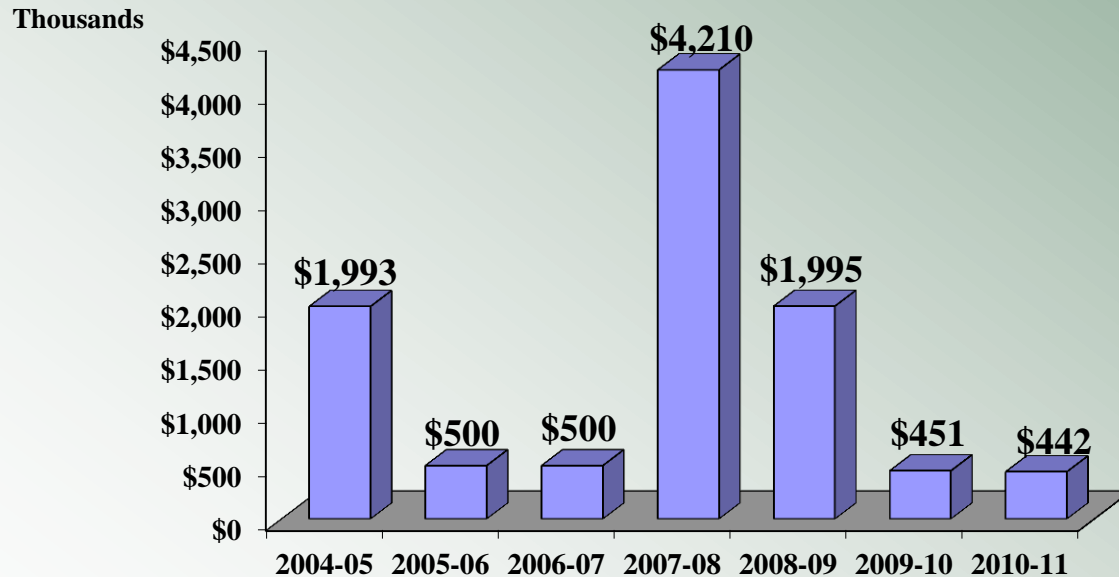


- 17 COGs
- 525 FTE
- \$194M in total funds passes through COGs

Additional options:

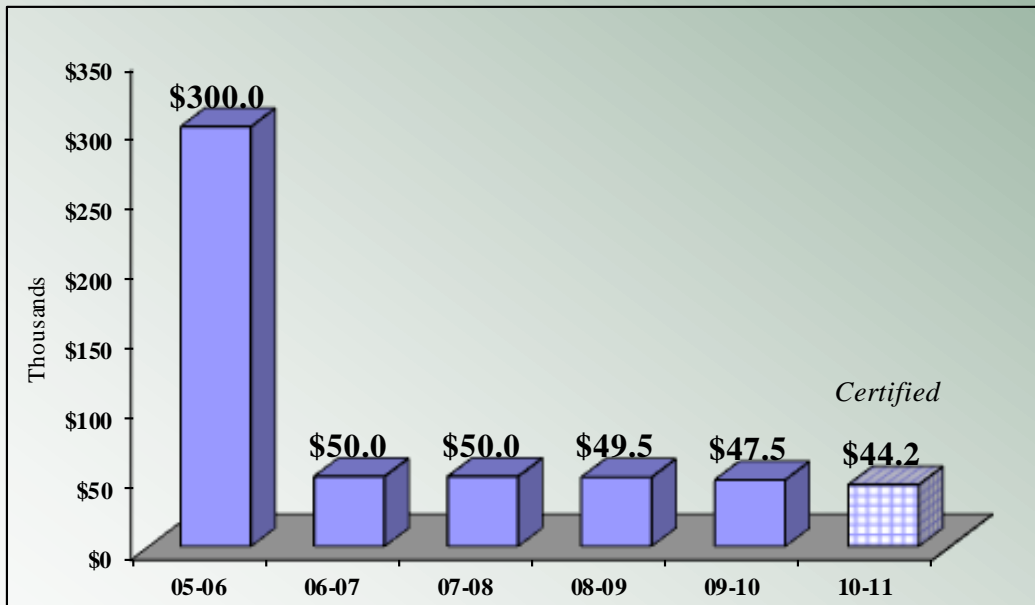
- Only fund some COGs
 - More distressed areas
 - Smaller COGs

e-NC Authority



- 6.55 FTE
- \$375k minimum needed to match federal \$6.6 million broadband grant

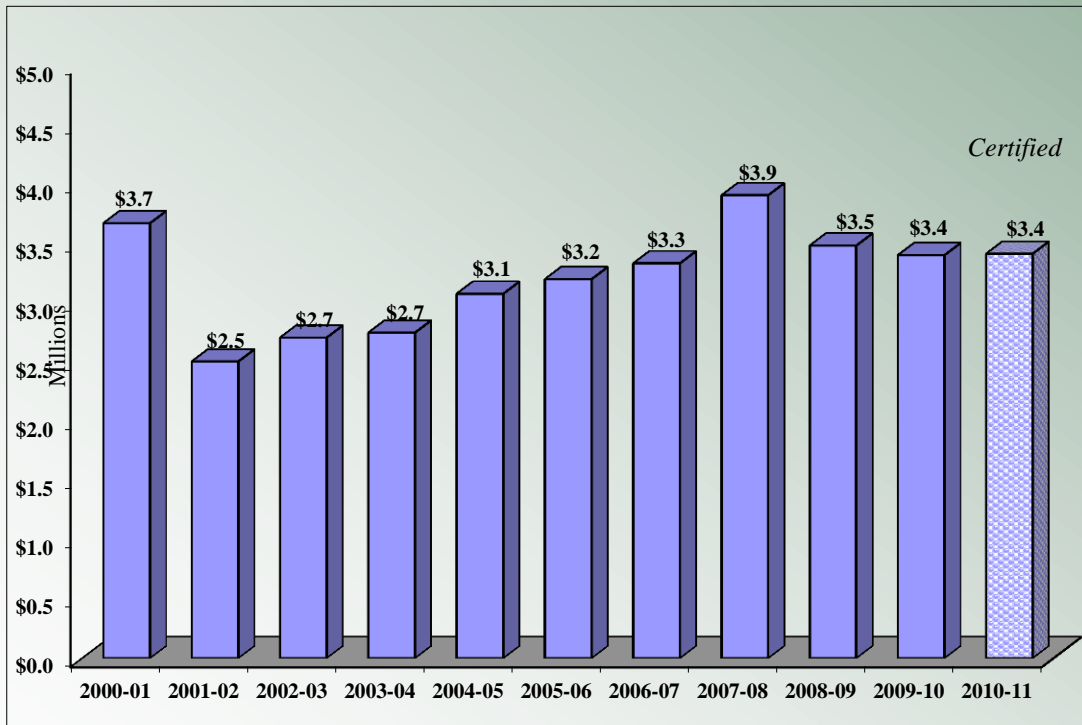
FFA Foundation



FFA Foundation: to develop students potential for premier leadership, personal growth and career success through agricultural education.

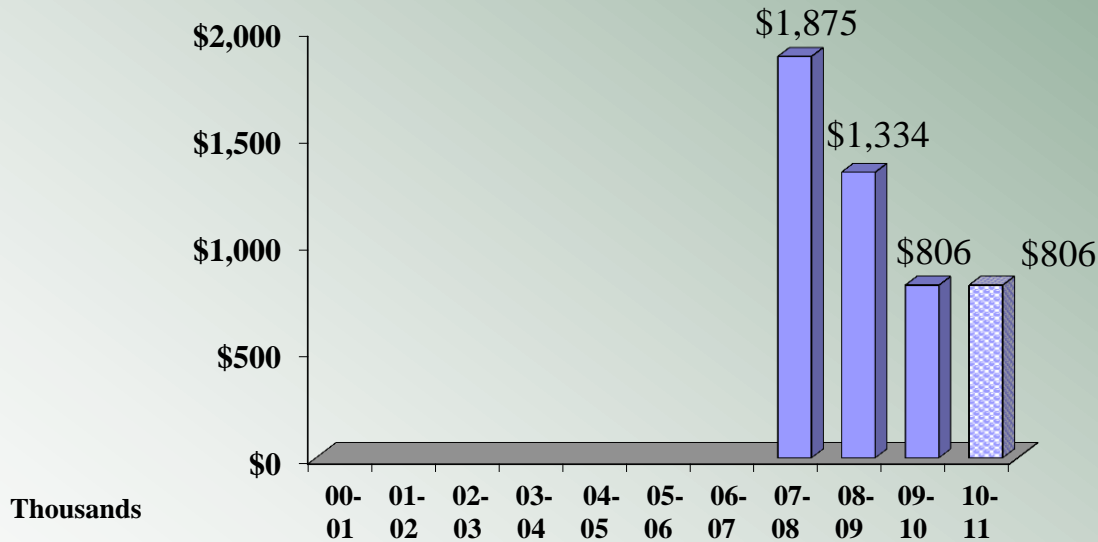
- 4 Part-time staff
- **7.5%** of FY 2009-10 funding came from the State
- **All funds used for construction of a new dining hall and recreational facility at the FFA Center**

Grassroots Science Museums Collaborative



- 1 FTE
- 32 Member museums
- Funds distributed directly to 27 member museums
- % of operating funds from the State varies significantly between museums (*7.7% in total for the 27 museums*)

High Point Furniture Market



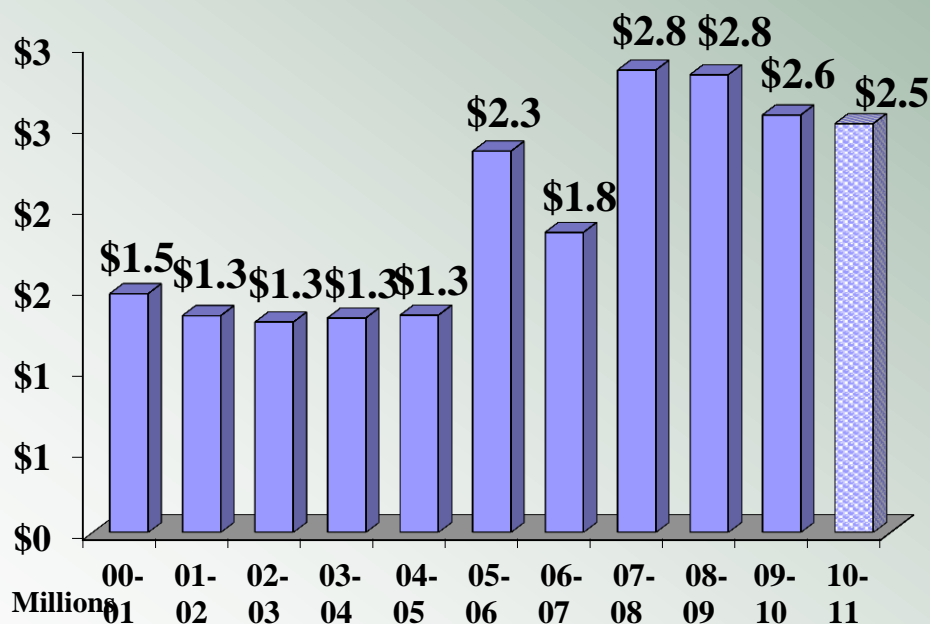
- 8 FTE
- 16% of FY 2009-10 funding came from Commerce State-Aid

Institute for Regenerative Medicine

- Previously funded through Education
 - FY 2007-08: \$8,000,000 NR
 - FY 2008-09: \$4,000,000 NR
 - Additional Language:

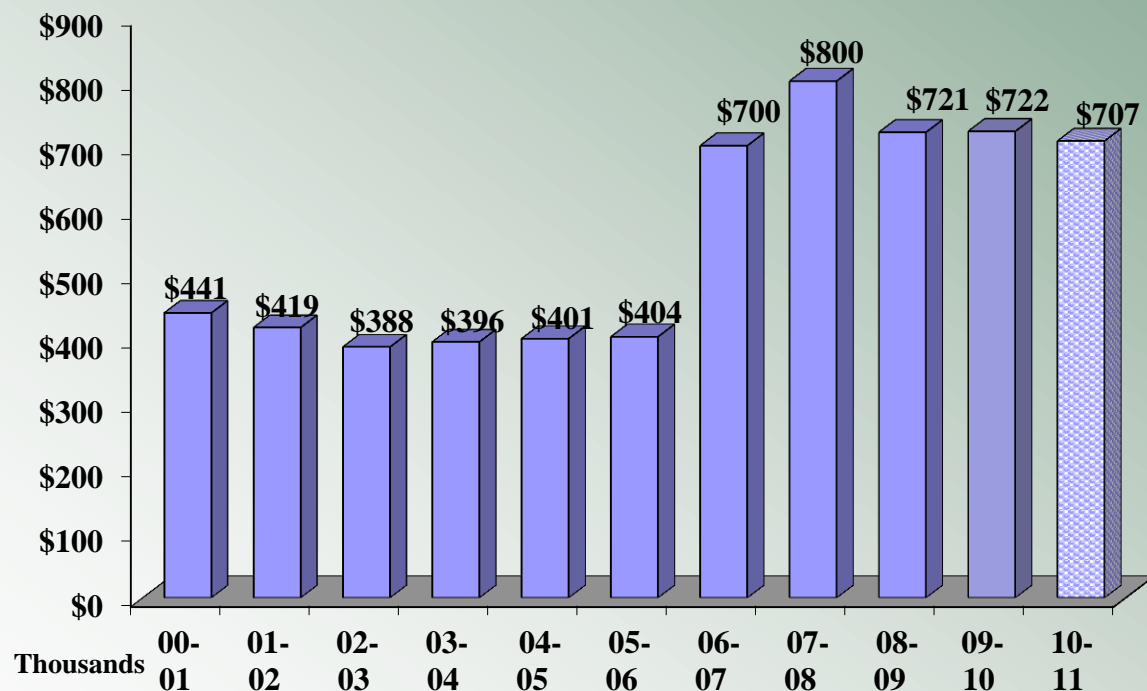
“Except as may be restricted by the Department of Defense, the contract for the grant shall require the grantee to provide the State an equitable share of any revenue from patents, royalties, licensing agreements, or other ancillary revenues that might be generated.”
- FY 2010-11: \$10M R through NER
 - No restrictions

Institute of Minority Economic Development



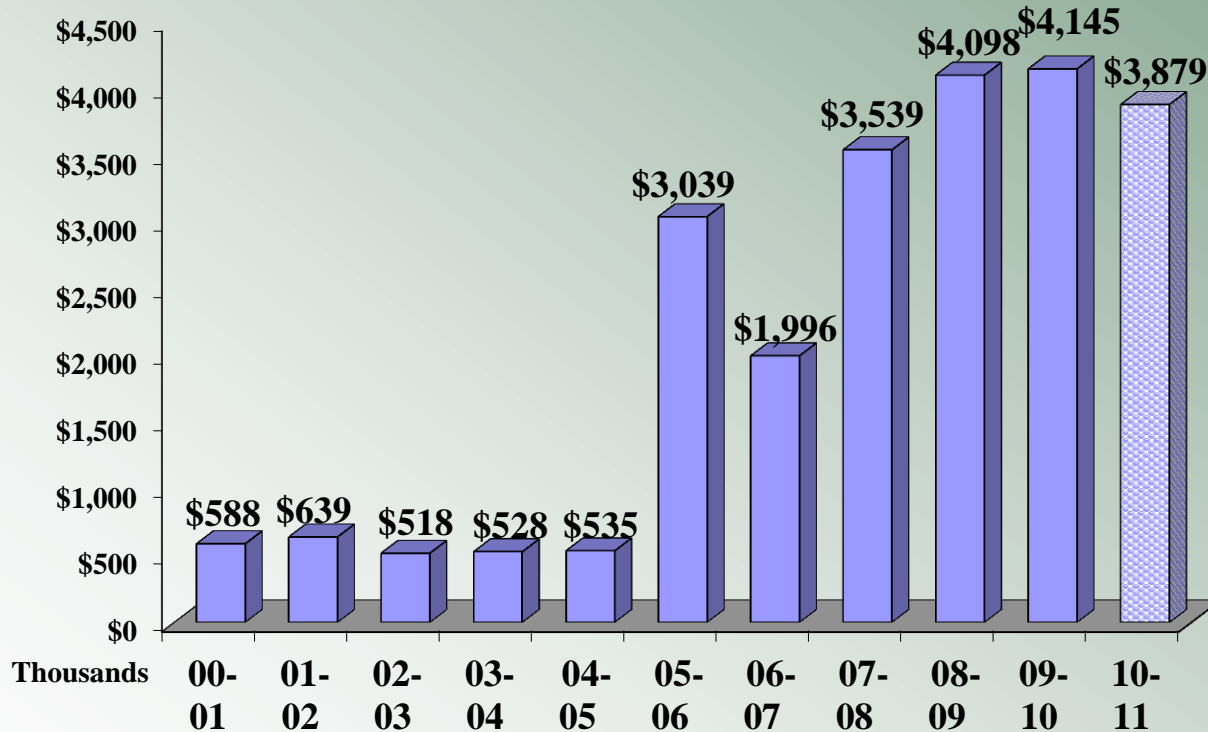
- 22 FTE
- 64% of funding comes from Commerce State-Aid
- 28% of State funds spent on Administration

Land Loss Prevention



- 12 FTE
- 75% of funding comes from Commerce State-Aid
- 76% of State funds spent on personnel

Minority Support Center



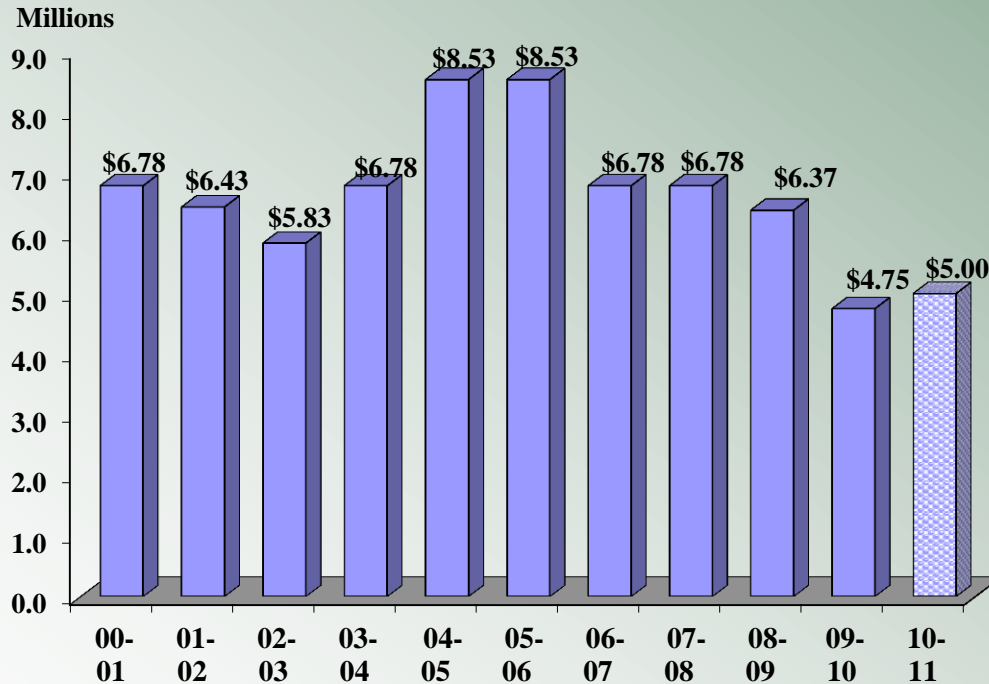
- **7 FTE**
- **89% of funding comes from the State**
- **\$2.6 M goes out as grants to 4 credit unions**

Partnership for the Sounds



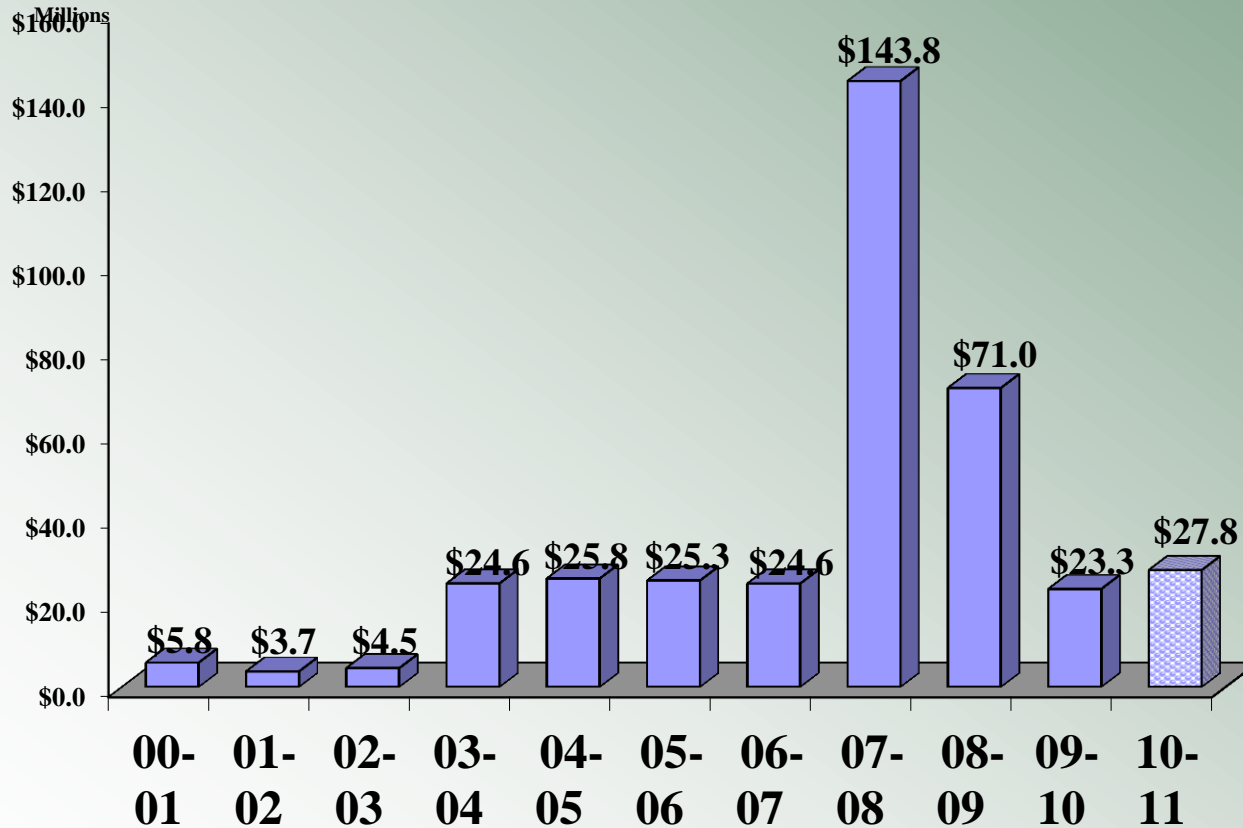
- 18 FTE
- 64.5% of funding comes from the State
- 22.3% of State funds spent on Administration

Regional Economic Development Partnerships



- 7 Partnerships
- FY 2011-12 budget: \$2.5M
- Distributed via formula
- % funding from State ranges from 16% to 99%

Rural Economic Development Center



- 47.5 FTEs
- 84% of funding comes from State
- 11% of State funds spent on administration
- \$20.7 M goes out as grants